



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
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December 8, 1987

Mr. J.H. Huizingh
Texasgulf, Inc.
P.O. Box 1208
Moab, UT 84532

Dear Mr. Huizingh:

Re: Surety Amount, Cane Creek Operation, M/019/005, Grand County, Utah

Enclosed is a draft surety policy which was presented to the Board of Oil, Gas and Mining on December 3, 1987. This policy is still under Board review and several changes may be made before the policy is fully approved. Most of the Board discussion centered around self bonding and contracts and whether the Board would continue to consider them as acceptable surety.

You have stated several times that you feel that the current reclamation estimate for the potash mine is too high. We are currently accepting bond estimates based on the criteria outlined in the section titled "Calculating the Amount of Surety". Texasgulf, if it so desires, can submit a revised bond based on these criteria. The current inflation rate to be used is two percent.

Please contact me or David Wham if you should have any questions.

Sincerely,

Frank J. Filas
Reclamation Engineer

P.S. Dave Wham tells me that the Bureau of Water Pollution Control has finished its review of the mining and reclamation plan and that we will receive their comments this week. If this is true, our written review should be to you by mid January.

cc: D. Wham
L. Braxton